

Message Text

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ACTION INR-10

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 INT-08 SCEM-02

SCI-06 SPC-03 AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00

SS-20 STR-08 OMB-01 CEA-02 FPC-01 NEA-10 EA-11 SAJ-01

CIAE-00 DODE-00 PM-07 H-03 L-03 NSAE-00 PA-04 PRS-01

USIA-15 ACDA-19 IO-14 DRC-01 /220 W

----- 066891

R 231600Z NOV 73

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 8100

INFO AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY SOFIA

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

AMEMBASSY WARSAW

USMISSION EC BRUSSELS UNN

USMISSION NATO

USMISSION OECD PARIS UNN

AMEMBASSY OSLO

AMEMBASSY HELSINKI

AMEMBASSY STOCKHOLM

C O N F I D E N T I A L COPENHAGEN 2947

E.O. 11652 GDS

TAGS: ETRD ENRG UR DA

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SUBJ: SOVIET OIL AND GAS DELIVERIES

REF: STATE 229536

1. DANISH PRESS REPORTED NOVEMBER 23 THAT MAJOR OIL COMPANY IN DENMARK, WHICH WISHES TO REMAIN ANONYMOUS, HAS PURCHASED CONSIDERABLE QUANTITY OF SOVIET HEATING OIL. DANSK ESSO PRESIDENT TOLD US IT WAS HIS FIRM WHICH HAD RECENTLY MADE THE PURCHASE OF 37,000 TONS FROM A LOCAL BROKER WHO HAD THE OIL IN STORAGE IN DENMARK. ORIGIN OF OIL IS ESTONIA FROM WHICH SOVIET SUPPLIES TO DENMARK NORMALLY COME. ESSOR FOUND THE PRICE (ABOUT \$2.5 TO \$3 MILLION) FAVORABLE IN TERMS OF THE PRESENT MARKET AND TOOK THE OFFER PURELY FOR ECONOMIC REASONS AND BECAUSE SHIPMENTS FROM NORMAL SUPPLIERS ARE BECOMING INCREASINGLY UNCERTAIN. AMOUNT WILL PROVIDE ESSO CUSTOMERS ABOUT 6-7 DAYS HEATING OIL SUPPLY.

2. PRESS ARTICLE HAS CREATED CONSIDERABLE FUROR BECAUSE, INTER ALIA, IT SUGGESTED DANES NEED NOT WORRY BECAUSE SOVIETS WILL HAVE PLENTY OF OIL TO SELL AND THAT DIRECTOR OF ANONYMOUS OIL COMPANY (I.E., ESSO) HAD SAID HIS FIRM MUST BUY FROM SOVIETS. ESSO PRESIDENT TOLD US THIS NOT RPT NOT ESSO POLICY, THAT THEY STILL HAVE OTHER SOURCES OF SUPPLY AVAILABLE AND THAT THEY ALWAYS HAVE ALTERNATIVE OF CUTTING CUSTOMERS BACK (WHICH THEY HAVE ALREADY DONE). ESSO WILL, HOWEVER, BUY SOVIET OR EASTERN EUROPEAN OIL IF GOOD ECONOMIC OPPORTUNITY PRESENTS ITSELF. CURRENTLY, THERE REMAINS SOME UNSOLD SOVIET OIL IN STORAGE TANKS BEING OFFERED AT \$200-220 PER TON BUT NO BUYERS AS YET.

3. FROM ESSOR AND OTHER SOURCES, WE UNDERSTAND THAT SOVIET SHIPMENTS TO NORMAL CUSTOMERS (SMALL INDEPENDENT AND CO-OP COMPANIES) HAVE BEEN REDUCED BECAUSE THESE COMPANIES HAVE BEEN UNABLE (OR UNWILLING) TO PAY HIGHER PRICES BEING DEMANDED, OFTEN APPROACHING PRICES AT ROTTERDAM CARGO MARKET. WE HEARD ONE REPORT RECENTLY OF SOVIETTANKER DIVERTED FROM DANISH PORT TO WEST GERMANY BECAUSE OF HIGHER PRICES OBTAINABLE THERE. SOVIETS NORMALLY SUPPLY ABOUT 5 PERCENT OF DANISH MARKET, BUT PRESENT INDICATIONS, CONTRARY TO PRESS REPORTS, ARE THAT SOVIETS WILL BE SELLING DECREASING QUANTITIES AT CONSIDERABLY HIGHER PRICES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, NATURAL GAS, EXPORTS, TRADE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973COPENH02947
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731117/aaaaamil.tel
Line Count: 107
Locator: TEXT ON-LINE
Office: ACTION INR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 229536
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Sep-2001 by martinml>; APPROVED <25-Sep-2001 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SOVIET OIL AND GAS DELIVERIES
TAGS: ETRD, ENRG, UR, DA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005